

Chapter Eight

Questions

1. Long Term Care can be provided in which of the following settings.

- A. Assisted Living Facilities.
- B. An individual's home with Home Health Care.
- C. A facility for the care of drug addicts or alcoholics.
- D. All of the above.
- E. A & B only.
- F. A & C only.

Answer: _____

2. Activities of Daily Living (ADL) are personal care functions such as bathing, continence, dressing, eating, toileting and transferring.

True _____ False _____

3. What is the primary role of the benefits counselor or volunteer benefits counselor regarding counseling with clients about LTC insurance?

- A. Provide financial planning advice.
- B. Advise about possible future eligibility for Medicaid.
- C. Provide unbiased information about the insurance products that will allow the consumer to make their own informed choice.

D. All of the Above.

E. None of the Above

Answer: _____

4. Which of the following issues are important in assisting the client to determine an individual's or couple's need for planning ahead for the costs of Long Term Care (LTC)?

A. Their financial situation.

B. Their goals (i.e. Do they want to protect their assets for heirs or a charity?)

C. Their health history including family health history.

D. All of the above.

E. A & B only.

F. B & C only.

Answer: _____

True or False (NEXT 2):

5. Anybody who receives Medicare doesn't need additional LTC coverage since it will cover custodial care in full.

Answer: _____

Question:

6. Medicare does not cover home health care services unless the person was just released from the hospital and it can be proven that it is cheaper to care for the person at home versus the hospital

Answer: _____

True or False:

7. Other sources for funding LTC or purchasing LTC insurance include looking at reverse mortgages, annuities or trusts?

Answer: _____

True or False:

8. A household would have to exhaust their entire savings and resources before they could qualify for Medicaid?

Answer: _____

9. Which agency would you call for help if the client has been denied eligibility for Medicaid long-term care?

A. Department on Aging & Disability Services, Ombudsman Program

B. Legal Hotline for Texans

C. Texas Department of Health & Human Services Commission

D. B and then A

Answer: _____

True or False:

10. Someone with a life insurance policy may be able to use that policy to cover LTC if the policy has an Accelerated Death Benefit.

Answer: _____

True or False:

11. In a viatical settlement, the insured can sell their life policy to a third party??

Answer: _____

12. Which of the following can help finance Long Term Care?

A. Medicare/Medicare supplemental insurance.

B. Medicaid

C. Long Term Care Insurance

D. All of the above

E. A & B only

F. B & C only.

Answer: _____

True or False:

13. A person under the age of 61 must purchase 5% compound inflation protection in order to have a partnership policy.

Answer: _____

True or False:

14. An individual who purchases a partnership policy at the age of 60 must maintain their compound inflation protection for the life of the policy.

Answer: _____

True or False:

15. LTC policies are standardized in Texas, just like Medicare Supplements?

Answer: _____

16. Which of the following would be a candidate/candidates for considering LTC insurance?

- A. A couple in their late 50's who are both on Social Security disability under \$1200 per month
- B. A widow in her late 60's who owns her own home and receives QMB
- C. A widower in his 80's whose only asset is a 2000 acre ranch where he lives and Social Security under \$1000 per month
- D. A couple in their late 60's with retirement income of \$3000 per month and investments of \$200,000

E. None of the above

F. All of the Above

G. A, C & D only

Answer: _____

True or False:

17. Long Term Care policies similar to Medicare can require prior hospitalization before nursing home benefits will be covered.

Answer: _____

True or False:

18. Policies currently sold in Texas that cover home health care must also cover adult day care services and maintenance or personal care services provided by a home health aide.

Answer: _____

19. Comprehensive LTC policies that provide both nursing home coverage and home health coverage must:

A. Pay similar maximum benefits in either a nursing home or in a home

B. Set different maximum benefits for each coverage

C. At minimum abide by a formula that requires that home health coverage equal at least one-half of a year's worth of nursing home benefit coverage

D. None of the Above

E. B & C only

Answer: _____

True or False:

20. In an expense –incurred policy payment method, the company will pay less than the maximum benefit if the actual cost is less.

Answer: _____

21. A "Benefit Trigger" on LTC policies is defined as which of the following?

- A. How long before a policy begins to pay
- B. What method of payment will be used (i.e. indemnity or expense-incurred method)
- C. Conditions that must be met before a policy begins to pay
- D. All of the Above
- E. None of the Above

Answer: _____

22. A consumer should be made to understand the following about a LTC policy's treatment of Activities of Daily Living (ADLs).

- A. It will be cheaper to select a policy with three versus two ADLs
- B. The company must offer three ADLs and is required to get an applicant rejection of the same in writing

- C. The company must describe the premium and benefits for the cost of two versus three ADLs in all of their marketing, applications and policy materials
- D. The company can dictate the number of ADLs offered based on an applicant's pre-existing conditions
- E. All but D above

Answer: _____

True or False:

23. One thing a benefits counselor or volunteer benefits counselor should always do is inform a client about whether they should purchase a Tax-Qualified LTC policy or a Non-Tax-Qualified LTC policy?

Answer: _____

24. Which of the following could be offered by an insurance company as an "Elimination Period" on a LTC policy?

- A. 0
- B. 100
- C. 365
- D. 30
- E. All of the Above
- F. A, B & D only
- G. None of the Above

Answer: _____

25. Which statement(s) below is/are not true regarding LTC policies?

- A. A company can choose not to sell a LTC insurance policy to a person with pre-existing conditions.
- B. A company may impose a preexisting wait period for longer than six months after the effective date of coverage.
- C. LTC insurance companies are allowed to have up to a six (6) month waiting period for preexisting conditions.
- D. A company can impose a new "preexisting condition".on replacement policies.
- E. A & C only
- F. B & D only

Answer: _____

26. Which of the following is aimed at protecting a person's benefits when they have not paid their policy 30 days after it was due?

- A. Reinstatement
- B. Grace Period
- C. Nonforfeiture Benefit
- D. Third Party Notice of Lapse
- E. Waiver of Premium

Answer: _____

True or False:

27. An "Inflation Protection Benefit" or rider in a LTC policy is aimed at helping to cover future increases in LTC costs. The 5% compound inflation protection is a required offering that must be rejected in writing.

Answer: _____

Question:

28. All of the following are mandatory features or options (required by Texas State law) on LTC policies sold in Texas except?

- A. Policyholders must have a 60-day Free Look Period.
- B. If a policyholder does not pay their premium when it is due, for any reason, they will have a 65-day period in which to pay their premiums.
- C. Protection against inflation must be offered.
- D. All policies must permit the insured to designate at least one person to receive any notice of lapse or termination for nonpayment of premium.

Answer: _____

29. Which policy provision is triggered when there is a substantial rate increase?

- A. Nonforfeiture
- B. Contingent Nonforfeiture
- C. Refund of Premium
- D. None of the Above
- E. All of the Above

Answer: _____

True or False:

30. The Outline of Coverage in LTC policies and its sequence of text is mandated to be in a standard format.

Answer: _____

31. Match the following terms with the correct definition:

_____ The number of days after the premium due date in which it can still be paid without cancellation.

A. Activities of Daily Living (ADLs)

_____ Defines deterioration or loss in intellectual capacity requiring substantial supervision for protection of self or others as established by a clinical diagnosis of any licensed practitioner authorized to make such a diagnosis.

B. Elimination Period

_____ Everyday functions and activities individuals usually do without help. These include bathing, continence, dressing, eating, toileting, and transferring.

C. 65 days

_____ A type of deductible: the length of time an individual must pay for covered services before the insurance company will begin to make payments.

D. Loss of Functional Capacity

_____ Another phrase that defines the Activities of Daily Living.

E. Cognitive Impairment

Answer Key to
Chapter Eight Questions

1. E
2. T
3. C
4. D
5. F
6. T
7. T
8. F
9. D
10. T
11. T
12. F
13. F
14. F
15. F
16. D
17. F
18. T
19. C
20. T
21. C
22. E
23. F
24. E
25. B
26. D
27. T
28. A
29. B
30. T
31. C, E, A B, D